



August 26, 2019

Marlene H. Dortch
Secretary
Federal Communication Commission
455 12th Street SW
Washington, D.C. 20554

RE: Notice of Proposed Rulemaking in the Matter of Universal Service Contribution
Methodology, WC Docket No. 06-122

Dear Ms. Dortch:

Upon review of comments to the USF Cap Notice of Proposed Rulemaking (NPRM), EducationSuperHighway opposes the proposal of combining the E-rate and Rural Health Care Programs under the same cap. While we acknowledge that efforts to make the Universal Service Programs work together more effectively are worthy endeavors, we support the comments by the State Educational Technology Directors Association (SETDA), the State E-Rate Coordinators Alliance (SECA), the E-Rate Management Professionals Association (E-mpa), and the SHLB Coalition which all raise concerning consequences of combining E-rate and Rural Health Care under one cap at this time.

E-rate Modernization rules and the current program cap have been critical in bridging the digital divide in K-12 public schools, and further investments are required in order to ensure students' access to digital learning in every classroom every day. As SETDA's comments detail, "much work remains" to meet the FCC's long-term goal of 1 Mbps per student.¹ Based on EducationSuperHighway's analysis, only 24% of students in US public schools are at schools that currently meet the 1 Mbps per student goal. Although the current demand for E-rate is below the program's cap, future demand is very difficult to forecast in part due to the ongoing Category 2 proceeding² which may increase the Category 2 funding available to E-rate applicants. Thus, it is premature to assume the current E-rate surplus could cover the excess demand of RHC. If the E-rate and RHC caps were combined and overall demand exceeds the cap, eligible applications run the risk of not being funded, potentially impeding progress towards the long-term bandwidth goal. This outcome would stymie classroom connectivity progress and inject uncertainty into

¹ SETDA Comments, submitted July 26, 2019, page 4

² FCC 19-58, Notice of Proposed Rulemaking, Adopted 6/28/2019, Released 7/9/2019

future E-rate applicants' plans. SECA's comments warn about these consequences: "without certainty, it becomes very difficult to plan critical infrastructure upgrades that often cannot proceed without leveraging the E-rate program's support."³

The proposal to combine the E-rate and RHC caps attempts to address the issue of excess RHC demand with the wrong solution. EducationSuperHighway supports E-mpa's argument on this topic: "the Commission's proposal obscures the real problem: that demand is exceeding the cap in the RHC program. Rather than jeopardize funding for schools and libraries, the Commission should focus on fixing the RHC program itself."⁴

The Commission can explore ways for these two programs to work more effectively together without combining the caps. For example, allowing hospitals to leverage infrastructure funded by E-rate without requiring entities to cost-allocate their share of services would lower the cost of connecting rural healthcare organizations. This type of rules change could lower overall costs for the RHC program, alleviating budget concerns without the risk of creating new budget issues for the E-rate program. Additionally, for remote communities across the country, it would be helpful to have anchor institutions like schools, libraries, and hospitals be able to work together in the same application process. EducationSuperHighway supports the suggested idea from SHLB's comments to permit "applicants to seek E-rate and RHC funding simultaneously in one application on a trial basis," with the essential caveat: "allowing a single application does NOT require combining the two programs, and combining the two program caps would NOT further SHLB's proposal for a single application."⁵

With far too much uncertainty and too many potential negative outcomes, EducationSuperHighway opposes the proposal to combine the E-rate and RHC caps.

Respectfully submitted,

Evan Marwell
EducationSuperHighway
433 California Street, Suite 500
San Francisco, CA 94104
(415) 967-7430

Date: August 26, 2019

³ SECA Comments, submitted July 29, 2019, page 4

⁴ E-mpa Comments, submitted July 29, 2019, page 2

⁵ SHLB Coalition Comments, submitted July 29, 2019, page 6